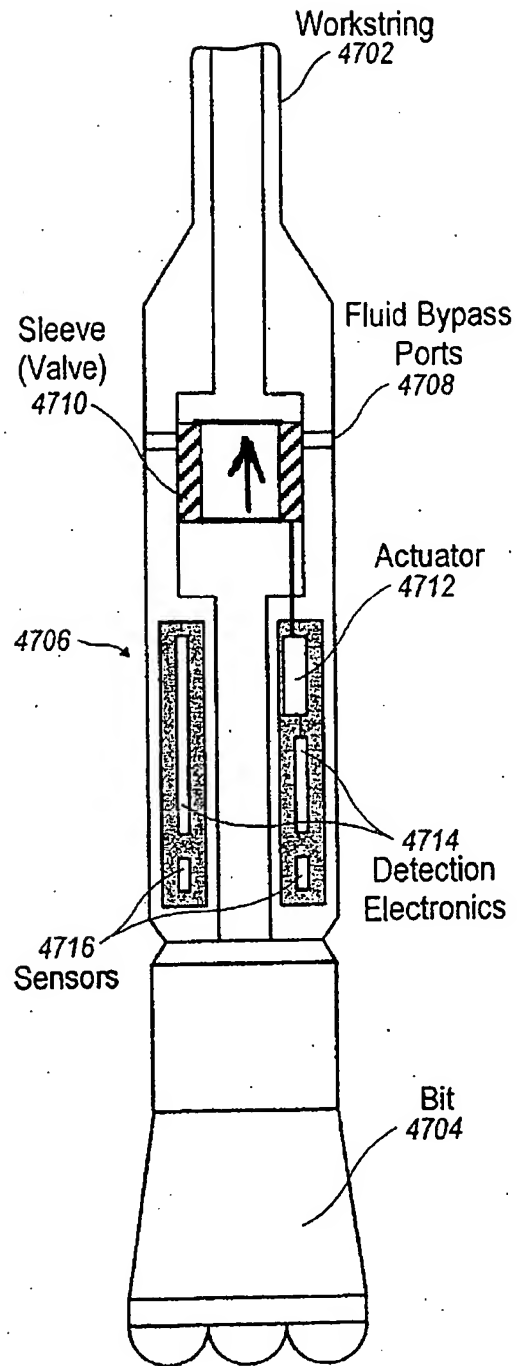


APPENDIX

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A. Scherbatskoy is directed towards the monitoring of bore conditions rather than equipment conditions.....	10
B. Scherbatskoy relates to using hydraulic shock waves for telemetering bore data while the claimed invention uses "downhole circuitry to signal a change in downhole equipment condition."	10
C. Scherbatskoy discloses a pressure variation caused by cycling a valve for telemetry purposes, and not the "method of claim 14, wherein said reduction in	

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D. Scherbatskoy discloses downhole sensors to measure bore conditions, not sensors capable of measuring downhole equipment conditions.	12
V. THE COMBINATION OF RANDALL AND SCHERBATSKOY DO NOT RENDER THE "ADAPTIVE FILTER WHICH ANALYZES DATA FROM SENSORS LOCATED ON THE DRILL STRING" IN THE CLAIMED INVENTION OBVIOUS UNDER 35 USC § 103(A)	13
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*Fig. 62*